

**GOVERNMENT OF INDIA
URBAN DEVELOPMENT AND POVERTY ALLEVIATION
LOK SABHA**

UNSTARRED QUESTION NO:769

ANSWERED ON:05.03.2002

INVESTMENT FOR DEVELOPMENT OF URBAN INFRASTRUCTURE

SUBODH MOHITE

Will the Minister of URBAN DEVELOPMENT AND POVERTY ALLEVIATION be pleased to state:

- (a) whether the Government have planned any strategy to meet the investment needs for developing urban infrastructure;
- (b) if so, the details thereof;
- (c) whether any study has been conducted by the Government or NGOs to assess the investment needs for the development of cities;
- (d) if so, the details of the study report; and
- (e) the steps proposed to be taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT & POVERTY ALLEVIATION (SRI BANDARU DATTATREYA)

(a)&(b): In 1996, Government formulated Guidelines entitled 'Urban Development Plans Formulation and Implementation' which provided for innovative approach to fiscal resource mobilisation by using land as resource, non-property taxes and public private partnership.

In 1998, Guidelines were issued to State Governments for property tax reforms with the objective of simplification and rationalisation of property tax.

Government announced tax exemption in the case of bonds issued by municipal/local governments for raising resources for urban infrastructure. The Central Government has inserted a new clause(vii) to Section 10(15) of the Income Tax Act, 1961 vide Finance Act, 2000, whereby interest income from Bonds issued by local authorities are exempted from income tax.

Foreign Direct Investment upto 100% has been permitted for development of integrated townships, including housing, commercial premises, hotels, resorts, city & regional level urban infrastructure facilities such as roads and bridges, mass rapid transit systems & manufacture of building materials.

(c)&(d): The India Infrastructure Report was brought out & published in 1996 by the National Council of Applied Economic Research (NCAER), New Delhi. It assessed the investment required for urban infrastructure (water supply & sanitation, solid waste management & roads) at Rs.28,036 crores per year on an average during 1996-2006.

(e): The Tenth Plan Working Group on Urban Development (including Urban Transport), Water Supply & Sanitation (including low cost sanitation, Sewerage & Solid Waste Management) and Urban Environment has recommended strengthening of Urban Local Bodies (ULBs), by affording direct market access through fiscal & legal reforms, unbundling of functions such as bulk supply, operations & technical services, corporatisation of dis-aggregated entities leading to privatisation in some cases, private sector participation in operating & maintaining urban infrastructure, financial reforms, tariff reforms etc.